

Child Care Provider Guidelines for the Best Beginnings Child Care Scholarship

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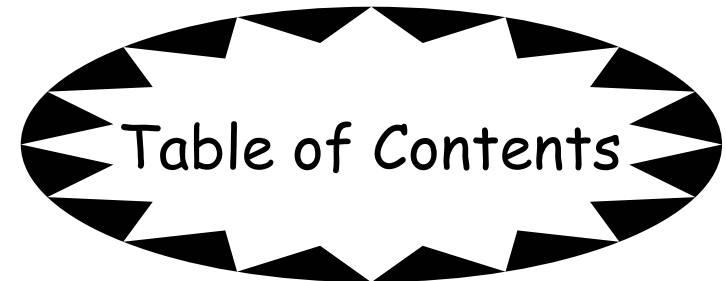
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Missoula

Child Care Resources
127 East Main Street, Suite 314
PO Box 7038
Missoula, MT 59807-7038
(406) 728-6446
(800) 728-6446
FAX (406) 549-1189
ccr@childcareresources.org
www.childcareresources.org

Early Childhood Project

Montana State University
P.O. Box 173540
Bozeman, MT 59717
(406) 994-4746
(800) 213-6310
FAX (406) 994-7555
ecp@montana.edu
www.montana.edu/ecp

**Child Care plus+: The Center on Inclusion
in Early Childhood**

University of Montana - Rural Institute
634 Eddy Ave.
Missoula, MT 59812-6696
(406) 243-5467
(800) 235-4122
www.ccplus.org

Early Childhood Services Bureau

PO Box 202925
Helena, MT 59620-2952
(406) 444-1788
(866) 239-0458
www.childcare.mt.gov

Helena

Child Care Partnerships
901 North Benton
Helena, MT 59601-2751
(406) 443-4608
(888) 244-5368
FAX (406) 443-6186
ccp@childcarepartnerships.org
www.childcarepartnerships.org

Kalispell

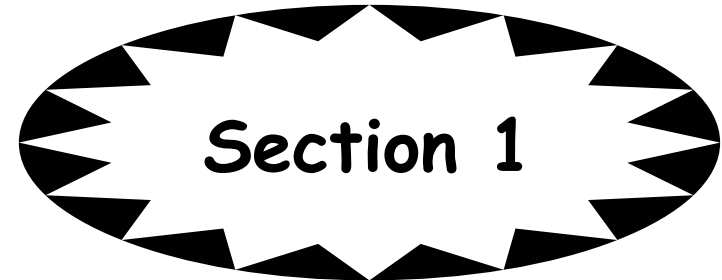
The Nurturing Center
146 Third Avenue West
Kalispell, MT 59901-4428
(406) 756-1414
(800) 204-0644
FAX (406) 756-1410
info@nurturingcenter.org
www.nurturingcenter.org

Lewistown

District 6 HRDC Child Care Link
300 First Avenue North, Suite 203
Lewistown, MT 59457-1700
(406) 535-7488
(800) 766-3018
FAX (406) 535-2843
www.hrdc6.org

Miles City

DEAP Child Care Resource & Referral
2200 Box Elder, Suite 151
Miles City, MT 59301-5930
(406) 234-6034
(800) 224-6034
FAX (406) 232-7018
deapadmn@midrivers.com



Introduction: What Are the *Best Beginnings* Programs?

What are the Best Beginnings Programs?

The *Best Beginnings* Early Care and Education Programs are designed to improve the quality, availability and affordability of child care for all working families in Montana. They include:

- Child care resource & referral (CCR&R) services to build child care supply;
- Initiatives to improve the supply and quality of infant/toddler care, school-age care, and care of children with special needs;
- Child care scholarships to help low-income working families pay for the child care they need;
- Grants to providers to expand and/or improve their services; and
- Education and training for providers to improve their knowledge, skills, and abilities in child development.

The programs are funded by a combination of state and federal dollars, which is known as the Child Care Development Fund.

Best Beginnings programs are administered by the Montana Department of Public Health and Human Services (DPHHS), Human and Community Services Division (HCSD) in Helena. Call (866) 239-0458 and ask for the Early Childhood Services Bureau (ECSB).

The Early Childhood Services Bureau is advised by a volunteer group of parents, child care providers, and citizen advocates called the *Montana Early Childhood Advisory Council*. The council meets regularly, and its meetings are open to the public. To learn more about the council's upcoming agenda, contact the Early Childhood Services Bureau.

Glasgow

Hi-Line Home Programs, Inc.
605 Third Ave S
Glasgow, MT 59230-2408
(406) 228-9431
(800) 659-3673
FAX (406) 228-2984
www.hilinehomeprograms.org

Glendive

DEAP Child Care Resource & Referral
120 West Towne
Glendive, MT 59330-1644
(406) 377-4909
(800) 578-4909
FAX (406) 377-6927
deaphix@midrivers.com

Great Falls

Family Connections
600 Central Plaza, Suite 225
Great Falls, MT 59401-3157
(406) 761-6010
(800) 696-4503
FAX (406) 453-8976
kimt@famcon.org
www.famcon.org

Havre

District 4 HRDC Child Care Link
2229 Fifth Avenue
Havre, MT 59501-5217
(406) 265-6743
(800) 640-6743
FAX (406) 265-1312
www.hrdc4.org

Child Care Resource & Referral Agencies

Billings

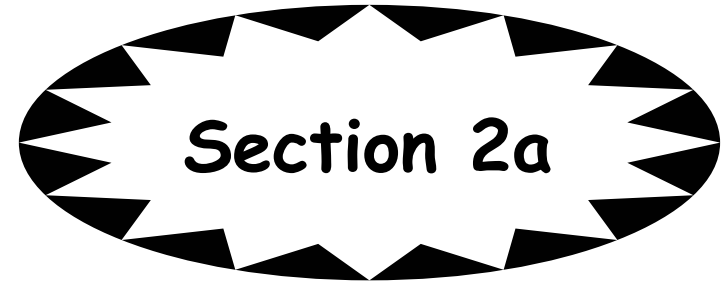
District 7 HRDC
7 North 31st Street
P.O. Box 2016
Billings, MT 59103-2016
(406) 247-4732
(800) 443-1411
FAX (406) 248-2943
ccrr@hrdc7.org
www.hrdc7.org

Bozeman

Child Care Connections
317 E Mendenhall, Suite C
Bozeman, MT 59715-3684
(406) 587-7786
(800) 962-0418
FAX (406) 587-1682
ccc@childcareconnections.info
www.childcareconnections.info

Butte

Butte 4-C's
101 East Broadway
Butte, MT 59701-9335
(406) 723-4019
(800) 794-4061
FAX (406) 723-6982
dchatriand@butte4-cs.org
www.butte4-cs.org



The Best Beginnings Child Care Scholarship Program

What is a CCR&R, or *Child Care Resource & Referral Agency*?

A: One of 12 regional agencies in Montana who recruit and train child care providers, and help parents find and pay for child care. See Section 5 for more information.

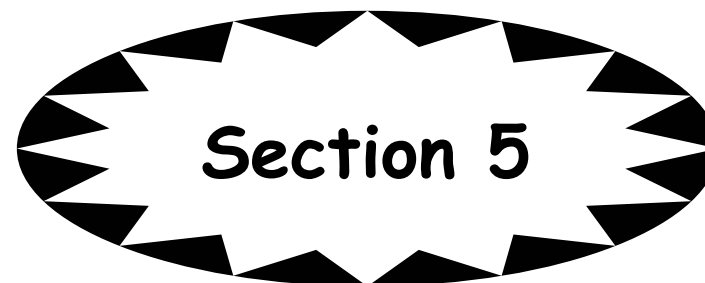
Best Beginnings Child Care Scholarships offer child care payment assistance to low-income parents who are working and participating in pre-approved education programs, with certain limitations. For example, scholarships are not available for parents who wish to advance beyond a bachelor's degree for school hours, but may qualify for work hours.

What families are eligible to receive *Best Beginnings* Child Care Scholarships?

Parent(s) who are working and meet income guidelines. Income guidelines and a monthly co-payment chart is available from your regional Child Care Resource & Referral agency (CCR&R).

- Two-parent families must work at least 120 hours per month. Either or both parents may work these hours.
- Single-parent families must work at least 60 hours per month. Single-parent families attending school or training full time must work at least 40 hours per month (Part-time students must work 60 hours per month).
- Parents participating in *Temporary Assistance for Needy Families* (TANF) may receive a child care scholarship for approved activities. Families receiving TANF cash are referred to their local CCR&R by their WoRC case manager.
- Children who are referred by DPHHS/Child Protective Services (CPS).

NOTE: When a parent is absent from the household, the applicant must be receiving court approved child support for each child in the household or be in-compliance with Child Support Enforcement to be eligible for a scholarship. The department would also accept a court approved parenting plan that specifically stated no support was required from an absent parent.



Contact Information

When is child care covered by a *Best Beginnings* Scholarship?

1. During work and school hours, when parents meet the work requirement, and no parent is available to care for the children.
2. During the hours when teen parents are attending high school or GED classes (work not required).
3. When TANF families are participating in family investment activities employability plan, which require child care.

CO-PAYMENTS

All parents are responsible to pay a portion of their monthly child care bill. This portion is called the parent's monthly co-payment. The amount of the co-payment is determined by the CCR&R through a sliding fee scale based on family size and income. The child care provider is responsible for collecting the co-payment every month and must report nonpayment to the CCR&R. The child care provider has the option to accept a co-payment in lieu of cash if agreeable by both parties, and must indicate on the invoice that the co-payment has been satisfied.

What is a *co-payment*?

A: A co-payment is that portion of the monthly child care bill that parents must pay directly to the child care provider.

How do parents select their child care provider?

When families apply for child care scholarships they can request a packet of informational materials to help them select a child care provider. Parents are free to choose the care that best meets the needs of their family. They may select a licensed center, a registered family or group child care home, or a friend or relative 18 years of age or older who is eligible and agrees to become a *Legally Unregistered Provider* (LUP). For more information on the LUP option, see Section 3.

What is an LUP, or *Legally Unregistered Provider*?

A: A friend or relative who is at least 18 years old, who is selected by the parent and paid by the Best Beginnings Scholarship Program to provide pre-approved child care, and who passes the required background checks.

When parents need help finding child care, they may call their local CCR&R for a referral. Each CCR&R maintains a list of child care providers in their district, including the type of program and other relevant information parents consider when making a child care choice. To contact your CCR&R, see the information in Section 5.

What is CCUBS?

A: A centralized computer program used to determine eligibility for the *Best Beginnings* Scholarship Program, manage the child care licensing and registration process, make payments to providers, and manage *Best Beginnings* quality programs.

Child Care Provider Grants

DPHHS offers annual grants to licensed and registered child care providers, allowing them to improve or create high-quality child care programs, which expands and improves access to stable child care for low income families.

Child Care Provider Mini-grants & Infant/Toddler Mini Grants

DPHHS offers quarterly grants to licensed and registered child care providers to obtain equipment and/or create safe environments.

Merit Pay

This program is designed to encourage child care providers to participate in additional training beyond the 8 hours required by licensing. There are 3 types of Merit Pay programs: Infant/Toddler Merit Pay; Higher Education Merit Pay; and Merit Pay I.

Specialized Training Grants

The goal of this grant is to identify and fund well-qualified people who will pass along their knowledge by training early care and education practitioners and community agencies.

BEST

This program for new providers, combines classroom and on-site training with a CCR&R trainer.

Child Care Development Specialist Apprenticeship Program

This program is designed to encourage providers to complete early childhood course work from an accredited Montana college and complete On-the-Job training in an early care environment with the guidance of a qualified mentor.

Montana Inclusive Child Care Project

The major goals of this project are to promote public awareness and disseminate information about inclusive child care efforts.

Infant/Toddler Certified Caregiver Stipend

This program provides a stipend to caregivers who have successfully completed training to be an Infant/Toddler Certified Caregiver and works in the same facility for up to 18 months.

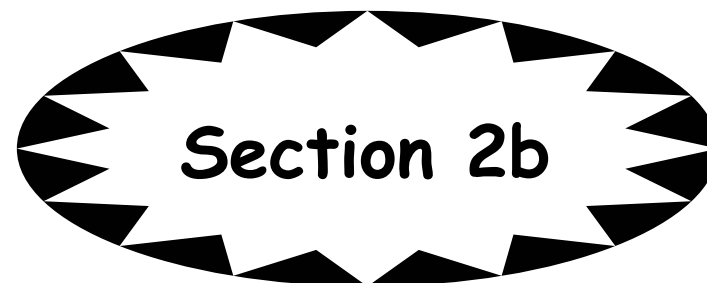
The DPHHS Early Childhood Services Bureau sponsors other *Best Beginnings* Programs for child care providers. You may be an ideal participant for one or more of these initiatives! Contact your Child Care Resource and Referral agency for more information.

Early Care & Education Career Development

Located at the Early Childhood Project in Bozeman, is the Early Care and Education Career Development Office. The Career Development office provides education, training and recognition for early childhood providers, educators, trainers and professionals. The Early Childhood Project, with help from a statewide advisory board, coordinates the program.

Components of career development are:

- **Knowledge Base:** defines what practitioners who work with young children and families need to know. Includes nine content areas.
- **Career Path:** provides guidance to document and recognize experience, education and training accomplishments of practitioners.
- **Practitioner Registry:** recognizes a practitioner's level on the Career Path and documents professional achievements in early care and education.
- **Training Calendar:** supplies people with approved training opportunities in the Knowledge Base areas.
- **Training Approval System and Trainer Directory:** recognizes quality training and identifies trainers throughout Montana.
- **Scholarship Program:** provides funds for accreditation fees, such as National Association of Education of Young Children (NAEYC) and the National Association of Family Child Care (NAFCC), and Child Development Associate (CDA) assessment fees.



How To Participate in the Scholarship Program — Parents

Can applications be back-dated?

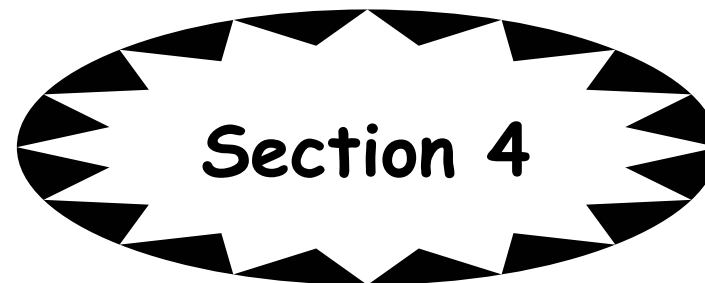
A: *Best Beginnings* Scholarships will not be backdated before the date the application is received by the CCR&R.

There are steps that every parent and child care provider must follow to participate in the *Best Beginnings* Scholarship Program. If you are a *legally unregistered provider* (LUP), there is more information for you in Section 3.

Non-TANF Parent Application Process

The parent application packet includes the following:

- **Child Care Scholarship Application:** All areas of this form must be completed. This includes monthly gross income (before taxes and deductions are withheld), and all other sources of income including child support, for each household member in appropriate columns. All income must have verification such as pay stubs, award letters, etc.
- **Authorization to Release Information Form:** Each adult in the home must complete a release. If not, the CCR&R cannot help in gathering information to determine eligibility. The applicant will need to verify all the information on the application.
- **Release of Information/Request for Verification Form:** One work verification form must be completed for each parent and/or job. Parents take this form to their employer and/or school to have all information completed, verified and signed by an authorized person. Applicants may submit an official copy of a school schedule (or a bill) instead of the training verification form. If a parent is self-employed, she/he should contact their CCR&R to determine necessary employment verification.
- **Child Care Service Plan Information Form:** Parents must complete this form with their child care provider, and return it to their CCR&R. (Parents who need help finding a child care provider should contact their CCR&R.)
- Families with absent parents must provide verification of child support for each child in the family. This verifies that they either receive child support for each child under a child support order recognized by a Montana district court, comply with Child Support Enforcement Division, or have good cause not to pursue child support. (There are exceptions to this policy for parents under the age of 18.)



Other Best Beginnings Programs

-
- 6) **Discuss any strong feelings or concerns you have.** Talk candidly with parents about your views on discipline and guidance, television viewing, homework, playtime with friends, daily chores, etc. These issues might be included in your written contract.
 - 7) **Seek training that will improve the quality of your child care.** There are fundamental skills that you can learn to improve your ability and satisfaction as a child care provider. For a list of classes, contact your CCR&R agency. You will find many opportunities beyond the 3-hour orientation.
 - 8) **Keep accurate income and expense records to help you when you file your taxes.** Use a duplicate receipt book to track the payment you receive from parents. Payment from the state will be documented in a year-end Form 1099 (except LUIs). Save child care expense receipts to document your costs as a business deduction. For more information, contact your CCR&R agency.
 - 9) **Think about becoming registered.** If you become registered as a Family Day Care Home, you will be eligible to receive an increased rate of payment from the *Best Beginnings* Scholarship Program.
 - 10) **Discuss whether this is a long or short-term arrangement.** Are you simply helping out through a tough transition, or do you want a permanent child care job? If you sense the need for a new arrangement, find a time and place to talk about it with parents.

Child Care Service Plan Information Form

Once parents have selected a child care provider, they complete the ***Child Care Service Plan*** information form with their provider and return it to their CCR&R. The CCR&R then sets up a certification plan, which designates the amount and schedule of the care. Child care must be re-certified before the ending date listed on the certification plan. This assures that eligibility has not changed and to verify the amount and schedule of the continuing care.

Don't Forget! Until the application process is completed and child care is certified or re-certified, payment for child care services is not assured.

The Certification Plan (Authorization for Care)

The CCR&R will send a copy of the family's child care certification plan to the child care provider when they have authorized child care. The certification plan shows the days and hours of care, the beginning date and ending date of care, the children authorized for care, and the co-payment amount.

The certification plan shows the minimum benefit available to the family. The provider may bill only for actual attendance, rounded to the nearest 1/4 hour each day as it relates to approved activities. The provider is not entitled to bill unless the child attends. Specific policy exceptions may apply, such as CE days, holidays or a pre-approved hold-the-slot payment, discussed later in this booklet.

Child care providers will receive a new child care certification plan if there are changes. Read the certification plan carefully. Contact your CCR&R if you have any questions. The CCR&R has not officially authorized child care unless you have received a written child care certification plan.

Child care payments cannot continue beyond the ending date of the certification plan. A family's eligibility can end prior to the certification end date. The CCR&R will mail a notice 10 days before they reduce or end the child care certification plan unless the exceptions listed on page 13 are met.

What if I provide care in excess of the amount listed in the certification plan?

A: Child care services you provide in excess of the authorized certification plan for non-approved activities are the responsibility of the parent.

Before you begin providing services to a *Best Beginnings* Scholarship family, it is important that you verify that the family is eligible for the program. Do not hesitate to confirm that your CCR&R approved the family for a scholarship. All information regarding family income, occupation, etc. must be kept confidential.

Top 10 Ways to Improve the Child Care You Provide for a Friend or Relative

- 1) **Use a written contract.** The state recommends a basic contract, but you may customize it to meet your needs.
- 2) **Be clear about the days and times that care will be provided.** What days of the week, and times of the day, will you offer care? Will there be an extra charge if parents are late in picking up their children? Include this information on the written contract.
- 3) **Be clear about the amount and time of payment.** The CCR&R will determine each family's co-pay amount using the state's sliding scale. In addition, a provider may have over and above charges that the parent will be expected to pay. Your contract should state when these will be paid to you each month.
- 4) **Talk about the child's routines.** Ask everything you need to know about a child's daily routine for eating, sleeping, and playing. What about moods, energy levels, favorite toys and activities, food likes and dislikes? Don't forget to mention allergies, medications, and medical conditions.
- 5) **Create a safe environment for children.** Go through a safety checklist (available from your CCR&R) to make sure your house is "*child-proofed*." Get training in pediatric CPR and First Aid. Learn to deal appropriately with children of different ages and stages.

Wage and Tax Statement

Each employee must receive a *Wage and Tax Statement (Form W-2)* by the last day of January as a record of wages paid the previous year. The employer must file a copy of *Form W-2* with the Social Security Administration by the last day of February.

Earned Income Credit (EIC) Advance Payments

- An employee eligible for the Earned Income Tax Credit may elect to receive advance payments during the year with her or his pay.
- The employer must make advance payment if the employee provides a signed and completed *Form W-5, Earned Income Credit Advance Payment Certificate*, to the employer.
- *IRS Publication 15, Circular E, Employer's Tax Guide*, contains an advance EIC payment table detailing the EIC amount the employee should receive with their paycheck.
- An employer who makes advance EIC payments is entitled to reduce the amount of FICA and withhold federal income tax payable to the IRS by the amount for the advance payments given to the employee.

For More Information

For more information on federal tax issues, contact the IRS at (800) 829-1040. Order federal forms and publications by calling (800) 829-3676. Publications are also available on the Internet at www.irs.ustreas.gov.

(This information was compiled by the Child Care Law Center, 973 Market Street Suite 550, San Francisco CA 94103. (415) 495-5498)

LUP Termination

In the event that the family, which the LUP/LUI is providing care for, loses eligibility for a child care scholarship, the LUP/LUI license shall be terminated to the date that the family lost eligibility.

What circumstances might end eligibility and payment before the certification end date?

A: Loss or start of a job, changes in hours of employment, children or adults moving in or out of the home, school ending, loss of public assistance eligibility, change of child care provider, not reporting changes to child support case, or loss of program funding.

Changes in Family Circumstances

Best Beginnings Scholarship eligibility and payment can end before the end date listed on the certification plan in some circumstances. If the CCR&R reduces or ends the certification plan, they will mail a notice to the child care provider 10 days prior to the effective date.

Parents must report changes that effect eligibility. A benefit of reporting changes, i.e., increase in family size, reduced work and lower income, can result in a reduced co-pay.

Job-Loss Grace Period

A parent may submit a *Change Report Form* to their CCR&R if they lose their job. If the parent reports to their CCR&R within 10 days of the loss of job, and needs child care while looking for work, the scholarship may be extended for 30 days. The parent must request the grace period by completing a Change Report form. The grace period provides continuity of care, supports the parent's effort to find work, and maintains the family's relationship with its child care provider.

Parent Changes to New Provider

Parents may elect to change child care providers anytime, and are responsible for notifying their current child care provider and the CCR&R of this change.

Parents and child care providers are responsible for notifying each other of any changes. It is the parent's responsibility to inform the child care provider when terminating a child care arrangement; *it is not the responsibility of the CCR&R.*

Many child care providers include a termination-of-contract policy in their contracts. In this case, when child care is terminated without the notice required by the child care provider, parents are responsible for the contract and any related costs. Both parents and child care providers are responsible to inform the CCR&R when notice of termination has been given.



Failure by Parents to Pay Co-payment

If a parent fails to pay the monthly co-payment, the child care provider must indicate this on the monthly billing invoice. Parents who fail to pay, or make arrangements to pay, their co-payment will lose their child care scholarship. **Providers have the option to accept other payment arrangements in lieu of cash by the parent, but must indicate the co-payment has been satisfied on the invoice.**

Overtime

If an employee qualifies for minimum wage and does not live in the home, she/he is also due over-time (1 1/2x) pay when she/he works more than 40 hours a week.

Federal Unemployment Insurance (FUTA)

a. Non-Relative Caregivers

- If an employee earns cash wages of \$1,000 or more in any calendar quarter then the employer owes FUTA taxes. The employer must pay this tax and may not withhold the tax from the employee's wages.
- The base FUTA tax rate is 6.2%. However, an employer may receive a tax credit of up to 5.4% if the employer pays the proper state unemployment insurance amount by mid-April.
- The employer must pay FUTA taxes on the first \$7,000 in wages earned by the employee.
- As with FICA taxes, the employer must report the employee's FUTA taxes on Schedule H of his or her Federal income tax return. The employer must also submit FUTA taxes to the IRS with his or her income tax return.

•Relative Caregivers

An employer is not required to withhold FUTA taxes for a parent, spouse, or child under the age of 21 who provides care in the home.

Federal Income Tax

- Employers are not required to withhold federal income tax, but *may* if the household employee requests and the employer agrees.
- To have federal income taxes withheld, the employee must fill out *Form W-4, Employee's Withholding Allowance Certificate*. The employer will report the withheld tax on *Schedule H* of his or her annual income tax return.
- The income tax withheld is calculated based on the employee's wages-both cash and non-cash-before any other amounts, such as FICA or state income tax, are deducted.
- For the proper withholding amounts see *IRS Publication 15 Circular E, Employer's Tax Guide*.

Social Security and Medicare

- Non-Relative Caregivers
- Social Security and Medicare taxes (FICA) are owed if an employee is paid cash wages of more than \$1,100 per year. This does *not* apply to an employee under the age of 18 with a principal occupation other than household employment.
- The cost of Social Security and Medicare taxes is shared equally by the employer and the employee, with each contributing 7.65% of the employee wages to FICA (6.2% to Social Security and 1.45% to Medicare).
- The employer has the option to withhold the employee's share from the employee's wages *or* to pay the entire 15.3% from his or her own funds. However, if the employer pays all the Social Security and Medicare taxes from his or her own funds, then 7.65% (the employee's share of the FICA taxes) is considered the employee's income for income tax purposes.

For example, an employee earns \$2,000 for the year. The employer chooses to pay all the necessary FICA taxes, i.e. \$306 (15.3% of \$2,000). The employee's income for income tax purposes is \$2,153 (initial wages plus employee's share of FICA taxes (7.65% of \$2,000)).

- The employer is responsible for ensuring that the employment taxes, both the employee and the employer shares, reach the IRS. The employer reports the employee's Social Security and Medicare taxes on *Schedule H* of his or her Federal income tax return. The taxes must be submitted to the IRS with the employer's income tax return.

- Relative Caregivers
- Employers are not required to withhold Social Security or Medicare for a spouse or child, under the age of 21, who is providing child care in the home.
- If the employee is the employer's parent (e.g. the caregiver is the grandparent of the child), the employer may be required to withhold FICA. An employer must withhold FICA for his or her parent if:
 - 1) The employer is divorced, widowed or married to a person who is physically or mentally unable to care for the child; *and*
 - 2) The child to be cared for is under the age of 18 *or* is sick for at least four continuous weeks.

Termination Notice Policy

If the CCR&R terminates or reduces the *Best Beginnings* Scholarship before the end of the certification plan, the CCR&R will mail the parent and the child care provider a notice 10 days before the termination date. The scholarship will continue for the notice period. Reasons for termination of child care by the State or the CCR&R include, but are not limited to, the following:

- a. The family does not meet program eligibility requirements;
- b. The family no longer needs care;
- c. The parent is not using the scholarship child care for appropriate activities;
- d. The child is over the age limit;
- e. The Child Protective Services plan or treatment plan no longer requires child care; or
- f. The State or Child Care Development Fund budget is depleted.

In the following instances certification for child care services will terminate immediately without prior written notice:

- The parent requests in writing the child care scholarship be closed;
- The provider loses their registration/license or no longer qualifies for the Best Beginnings program;
- CCR&R does not re-certify the family (certification plan expires); or
- Care at the facility ends prior to the end of the certification plan.

Federal Law Obligations for Employers of In-Home Caregivers

Employers of in-home caregivers must comply with the following federal requirements:

Employer Identification Numbers

Employers must obtain an employer identification number (EIN) from the IRS if they report employment taxes or give tax statements to their employees. If you do not have an EIN, get *Form SS-4, Application for Employer Identification Number*, from the IRS.

Employment Eligibility Verification

All employers must verify that an employee is either a United States citizen or legally entitled to work in the United States. The employee and the employer must both complete the form *Employment Eligibility Verification (Immigration and Naturalization (INS) Form I-9)*. To order INS Form I-9 or the INS Handbook for Employers (Form M274) call 1-800-870-3676. For more information on the employment eligibility verification process, contact the INS at 1-800-357-2099.

Federal Minimum Wage

- The minimum wage is \$5.85/hour, as of July 24, 2007.
- An employer must pay minimum wage to a *babysitter employed on other than a casual basis* if:
 - 1) The babysitter earns at least \$50 per year, or
 - 2) works at least 8 hours per week.
- Minimum wage does not protect *casual babysitters*.
- Definitions:
 - A babysitter employed on other than a casual basis* provides care for a child on a regular basis and derives her or his livelihood from child care.
 - A casual babysitter* works less than 20 hours per week, and less than 20% of the babysitter's time is spent on general household duties. For example, teenagers who do not rely on babysitting income for their livelihood are *casual babysitters*.

What is Orientation Training?

Montana law requires that LUPs participate in child care orientation training within sixty (60) days of approval. Orientation is offered by CCR&Rs statewide. To learn the orientation schedule in your region, call your CCR&R.

The three (3) hour training covers a range of topics related to child care regulatory issues, early childhood development, child guidance, nutrition, business management, fire safety and health issues. The content of the orientation is standard across the state.

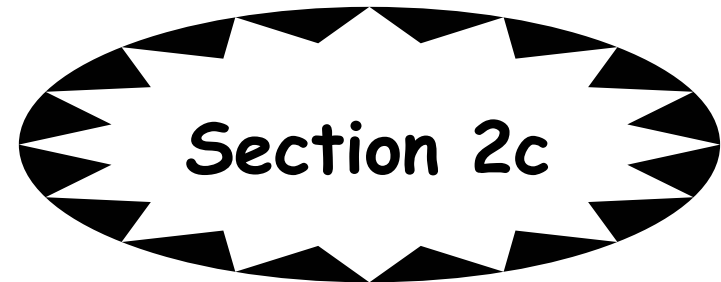
A child care orientation manual, the Montana Child Care Orientation Handbook, is supplied to all participants.

The Registered Edge

When you provide child care for the child(ren) of a friend or relative, you incur expenses related to healthy meals and snacks, stimulating toys and outdoor equipment, and social experiences that promote a child's healthy self-esteem. Even though you care for only a very limited number of children, you may want to consider becoming a registered family home child care provider.

A registered provider enjoys financial advantages that improve his or her income. For example, a registered family home provider is paid by the *Best Beginnings* Scholarship Program at a higher rate. Registered providers are eligible to apply for additional *Best Beginnings* programs such as *Merit Pay*, *Mini-Grants*, and *Provider Grants*. (For more information on these programs, see Section 5).

Registered providers have access to training and other services that help them improve their job satisfaction, their income, and the quality of their child care. For more information, contact your CCR&R.



How To Participate in the Scholarship Program— Child Care Providers

Child Care Provider Application Process

Child care providers must be registered with the State of Montana as a family or group child care home or licensed as a center. This guide provides additional information in the next section for friends or relatives who provide care at parents' request as an LUP.

The Child Care Licensing Program requires providers to keep these records:

- a. *Emergency Contact Information and Parental Consent Form* for every child
- b. *Pediatric Health Statement* for every child less than two years of age
- c. *Certificates of Immunization* for every child
- d. Daily attendance records
- e. Active license/registration payment number

Provider Rights & Responsibilities Form

Child care providers must complete and sign a *Child Care Provider's Rights & Responsibilities Form* in order to participate in the *Best Beginnings* Child Care Scholarship program. This form outlines general program requirements and options. This form must be completed yearly. We also include this information with the family's scholarship application.

Contracts between Parent and Child Care Provider

Child care providers are encouraged to use a written contract with all parents, including those participating in the *Best Beginnings* Scholarship Program. The child care provider is solely responsible for the terms of any agreements made with parents.

What does a complete application include?

Use the checklist below to assist in completing the application process.



- (Form HCS/CC-087) *Legally Unregistered Provider and/or In-Home Care Application*
- (Form HCS/CC-127) *Personal Statement of Health* For approved providers giving care in their own home, the provider *and* every adult (18 years and older) in the home must complete this form. For in-home providers giving care in the child's home, only the provider completes this form.
- (Form HCS/CC-077) *State of Montana DPHHS Release of Information* This authorizes the required background checks. For approved care in their own home, the provider *and* every adult (18 years and older) in the home must complete this form. For in-home providers giving care in the child's home, the provider completes this form.
- (Form HCS/CC-018) *Child Care Provider's Rights & Responsibilities*
- *W-9 Request for Taxpayer Identification Number and Certification* Fill out the top of this form including your name and address. Include your Tax Identification Number (TIN) or Employment Identification Number (EIN) and signature. (For an in-home non-relative care provider this is not required. Instead, the parent submits this form.)
- (Form HCS/CC-088) *Medication Administration Attestation* This form states the provider and parent or legal guardian have reviewed the procedure for Medication Administration.

How to Apply to Be a Legally Unregistered Provider

Application to become a legally unregistered child care provider is made through your local CCR&R. (For contact information, see Section 5.)

Here are some tips for applicants:

- Apply early. The LUP processing period can take several weeks while background checks are completed.
- ***The LUP application must be submitted and approved before child care is provided.***

The provider will receive a letter stating approval or denial of child care assistance. *Denial* indicates that child care assistance will not be available from the State and the parent is responsible for payment. *Approval* is indicated by a letter from the State giving the payment number (PV12345). At that time, you should tell your CCR&R the daily and hourly rate you will charge. When the family is selected for *Best Beginnings* scholarship, you will receive a *certification plan* stating the period for which child care assistance is available. The period may begin no earlier than the day the *complete* application was received by the CCR&R.

Keep the certification plan. It includes information needed to complete your monthly billing statement, or *invoice*, to receive payment.

If you have any questions, contact your CCR&R. ***The parent is responsible for payment if the LUP application is not approved.***

Sign-In/Sign-Out Records

All child care providers shall maintain current sign in/sign out records for each child receiving child care assistance and utilize them as follows:

- (a) Each time the child enters or leaves the provider's care, the parent or other individual authorized to deliver or pick up the child shall initial or sign the sign in/sign out sheet. An electronic signature system may be used if it employs a unique and confidential identification process for individuals.
- (b) Sign in/sign out records must indicate the child's name, the date, the hour, and the minute when the child enters and leaves the provider's care.
- (c) The provider shall make sign in/sign out records available to child care resource and referral agency staff and state and local government health, safety or law enforcement representatives upon request.



Child Care Payment Rates

Child care providers set their own rates for services, which may be more or less than *Best Beginnings* provider rates.

Best Beginnings provider rates vary between Montana's twelve (12) CCR&R districts. The rate is determined by a annual statewide *Market Rate Survey*, and is set so that parents can afford to choose from a majority of providers in the district. To learn your district's rates, contact your CCR&R.

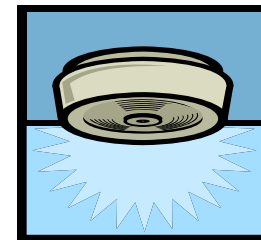
Participating child care providers must report their current rates for private-pay families to the CCR&R. *Best Beginnings* scholarship payments are based on the provider's rates or the *Best Beginnings* rates, whichever are less. Providers may not bill the *Best Beginnings* Scholarship Program more than they charge private-pay customers.

If a child care provider's rates exceed those of the *Best Beginnings* Scholarship Program, the difference **may** be charged to the parent in addition to the monthly co-payment. Providers are responsible for notifying parents of, and for collecting, any additional charges.



Legally Unregistered Providers must agree to:

1. Review and discuss with the parents the immunization record of the children in care *or* review the waiver indicating parental choice not to immunize.
2. Examine the home for fire and safety conditions, for the presence of a working smoke detector, and for placement of a family fire escape plan, and discuss these conditions with the parents. A *Health and Safety Checklist* is provided on back of the LUP application form and must be reviewed with parents.
3. Have the parent or legal guardian sign the Medication Authorization Form prior to the provider administering medication, prescription or non-prescription. The provider must log each time they administer the medication on the Medication Administration Log. If a provider administers a medication inappropriately or under any other unusual circumstance they must complete a Medication Error/Incident Report. They must also note the occurrence in the comment section of the log. The provider must notify the parent or legal guardian of the incident immediately. **Note:** The parent or legal guardian must sign the Medication Authorization Form for each medication as well as a separate form for each child. The Provider must have a log for each medication as well as each child. These records must be kept on file for 3 years.



Other requirements for the Legally Unregistered Provider

The legally unregistered child care provider must be able to answer "yes" to all of the following statements or the application may be denied, pending necessary follow-up information.

- The provider is 18 years of age or older.
- The provider will be providing care less than 24-hours within the day.
- The provider will care for a total of two children, or may care for all the children in one family.
- The provider agrees to attend an 3-hour orientation offered by the CCR&R, within sixty days of approval, to learn the basics of professional child care, which includes health and safety issues. The provider is responsible for contacting the local CCR&R for the dates and times of this orientation session.
- The provider, and all the adults in the LUP's home, must agree to Criminal and Child and Adult Protective Services background checks. The results of these checks will be used in deciding if the application will be approved or disapproved.
- The provider and all adults in the home are in good health as specified on the DPHHS-HCS/CC-127 *Statement of Health*.
- The provider and parent must sign the HCS/CC-088 *Medication Administration Attestation* form.

NOTE: If the provider lives in the child's home, the following restrictions apply.

- The child care provider is NOT the child's parent,
- The child care facility is NOT owned, entirely or in part, by the parent,
- The child care provider is NOT a member of the child's TANF Cash Assistance Unit,
- The child care provider is NOT a member of the child's *Best Beginnings* Child Care Scholarship Eligibility Unit.
- The child care provider may be a related household member, with the following restrictions: The relative caregiver living in the household must be related to the child in one of the following ways: aunt or uncle, grandparent, great grandparent-no exceptions.
- The relative caregiver is NOT part of the child's TANF Cash Assistance Unit or *Best Beginnings* Child Care Scholarship Eligibility Unit,
- The relative caregiver qualifies to be an LUP.



The *Best Beginnings* program uses hourly and daily rates. Rates may also differ for infants (under 2 years) and children (2 years and up). CCUBS requires daily and hourly rates to process payments. If you use a different rate structure, you will need to provide equivalent rates, by the hours and by the day, for the purpose of serving families participating in the Best Beginnings scholarship program:

- i. Child (2+) Hourly Rate
- ii. Child (2+) Daily Rate
- iii. Infant (<2) Hourly Rate
- iv. Infant (<2) Daily Rate

Best Beginnings hourly rates apply when a child attends less than 6 hours in a day. Daily rates apply when a child attend 6 to 10 hours in a day. If a child attends more than 10 hours in a day, a combination of daily and hourly rates will apply.

Notify the CCR&R of rate changes even if your current rates are higher than the district rate. And remember to keep your rate information current, even when you are not serving a *Best Beginnings* Scholarship family. Keeping your rates up to date ensures accurate information is available for the *Market Rate Survey*.

Submit rate changes in writing, 10 days in advance, to your local CCR&R. The printed invoice has a place to report future rate changes.

Billing the State for *Best Beginnings* Scholarship Services

A preprinted *invoice* is mailed to the child care provider each month. Child care providers receive one invoice for every family in their care. The invoice lists the family's children for whom care will be paid, the certification end date and the amount of the family's co-payment. ***The hours billed on the invoice must reflect the child's actual attendance rounded to the nearest 1/4 hour as it relates to approved activities.***

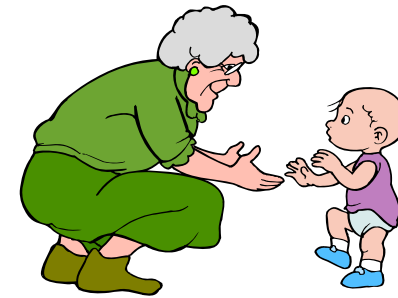
The child care provider must enter the daily attendance hours for each child and co-payment received. The invoice must be completed, signed and dated by the child care provider. Future rate changes may be indicated on the invoice. Allow 10 days for new provider rates to take effect.

Child care providers must mail or deliver printed invoices to the CCR&R. Invoices are due in the CCR&R office within 5 days following the month in which care was provided. Invoices expire 60 days after the month. Provider must submit invoices and any corrections within 60 days or they lose their claim for a *Best Beginnings* Scholarship payment.

If you believe an invoice or payment is late, please contact your CCR&R, who can check the payment status on the computer system.



State payments look like checks and work like checks, they are actually called *warrants*. Don't be surprised if you hear a State payment referred to as a warrant.



If the applicant clears the background checks, the State may authorize them to receive *Best Beginnings* Scholarship payments for child care services provided. Within sixty days of approval, the LUP must attend an 3-hour child care orientation, offered by the CCR&R, to learn the basics of professional child care, which includes health and safety issues.

Authorization of an In-Home Provider (LUP)

A family may elect to use an *in-home LUP* to care for children in the family's home. The *in-home LUP* must apply with the CCR&R and meet all requirements of the LUP.

NOTE: Parents pay their legally unregistered in-home providers directly. *In-home LUPs* are paid by the parent. The parent receives the payment from the State after the monthly invoice is submitted to the CCR&R. ***The parent is responsible to pay employer taxes and minimum wages when care is done in the parent's home. The parent must submit a W-9 to the CCR&R to receive payment.***

If you are an in-home provider, be sure that the parent knows his or her responsibility to pay federal and state employment taxes so that you earn the Social Security and other employee benefits to which you are entitled.

Parents have many reasons for choosing a friend or family member to provide their child care. Parents may be reluctant to place a young infant in a group setting. They may work evenings or weekends and have a difficult time finding child care. Or their work schedule may be subject to frequent change, requiring more flexibility than most child care businesses can offer. Or they may have several children, making in-home care the most convenient option. We have designed Best Beginnings Scholarships to support parents with a range of child care choices.

Authorization of a Legally Unregistered Provider (LUP)

A family may elect to use a friend or family member to care for their child(ren). To receive *Best Beginnings* payments, the friend or family must receive a payment number and become a "Legally Unregistered Provider" (LUP). An LUP may care for a total of two children, or may care for all the children in one family. The child care provider must be 18 years of age or older and must submit an application form to their CCR&R.



The State Department of Public Health and Human Services will complete Criminal and Child and Adult Protective Services background checks to ensure that the LUP applicant, and any household members 18 or older, have never been involved in any incidents that would indicate a possible threat to the health or safety of children. If it is found that the LUP applicant could harm a child, the Early Childhood Services Bureau (ECSB) will deny authorization of the payment number. Then, the State cannot make payment to the provider.

What happens if payment is delayed within the state's payment system?

A: If payment is delayed within the system, the Early Childhood Services Bureau will work with the CCR&R, the computer system personnel, and the fiscal office to solve the problem and issue the payment.

Payments, Warrants, SORs, and EOBs

Invoices are batch processed for efficiency on the 5th business day and every Tuesday thereafter of the month. Warrants are printed on the 6th business day of the month. Child care providers serving several families generally receive one combined payment. Payments come in an automated mailer format with a brief explanation. Later, providers receive a detailed *Statement of Remittance* in a separate mailing. Parents receive a similar statement for their family called an *Explanation of Benefits*.

Changes in Child Care Provider Name, Address, or Ages of Children in Care

If the payment address is not current, the payment will be sent by return mail back to the State. Anticipate a delay of one to three weeks while the payment is returned to the State, the correct address located, and the payment re-mailed. ***Avoid payment delay by notifying your licensor and sending an updated W-9 before changing your address to:***

DPHHS Fiscal - AWACS
P.O. Box 4210
Helena, MT 59604-4210

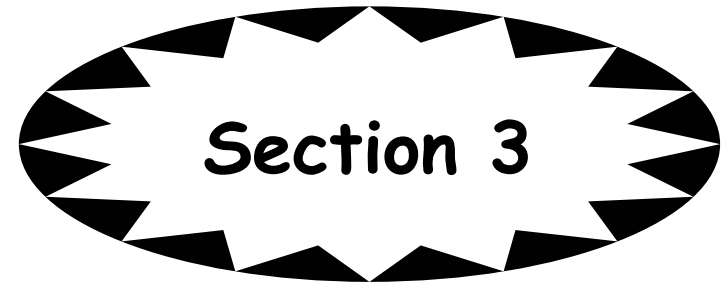
Please enclose a note explaining the type of change (address or name).

Direct Deposit

Direct Deposit service for payments to providers from the CCUBS system is required of all new providers. Here's how to arrange Direct Deposit:

- Pick up a Direct Deposit form at your local financial institution (bank) or the CCR&R.
- Complete the 'Payee' (1) and 'Government Agency' (2) portions of the form using the DPHHS Fiscal Bureau address listed below.
- Your bank provides the 'Financial Institution' (3) information. You may want to have your deposit ticket available for this purpose.
 - Return the Direct Deposit form with a voided check taped securely to the form to your local CCR&R who will add coding and forward it to the DPHHS Fiscal Dept.
 - After direct deposit arrangements are made, the first payment will still come in the mail. This allows DPHHS and your bank to test the direct deposit arrangement without jeopardizing delivery of the payment.
- Each Direct Deposit is transmitted to your bank after processing in CCUBS.
- The Department will mail a confirmation of each Direct Deposit transaction to you. This will have a "settlement date". This is the date the EFT should be at your bank.
- If, after trying Direct Deposit, you want to return to receiving payments by mail, contact your CCR&R to change your payment method and send a written request to DPHHS Fiscal - AWACS.

DPHHS Fiscal - AWACS
P.O. Box 4210
Helena, MT 59604-4210
- If you do not have a bank account, sign the form and say so on the form.

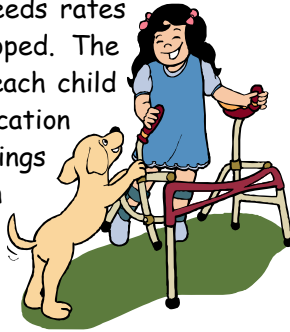


Legally Unregistered Providers (LUPs)

Child Care by Friends & Family

Children with Special Needs

Best Beginnings families of children with special needs as certified by a licensed social worker, psychologist, medical doctor, or other professional are not placed on a waiting list, thereby guaranteeing a priority status for child care services. According to the Americans with Disabilities Act (ADA), child care providers are required to make a reasonable accommodation for children with special needs. If care requirements increase the cost of the care, one-time or ongoing costs may be paid from the Best Beginnings Child Care Scholarship. The CCR&R will work with the family to determine the appropriate rate. The CCR&R will be required to complete an observation of the child at the child care facility before approving any special needs rates and a Child Care Plan must also be developed. The special needs rates vary depending on each child and must be reviewed at each recertification and annual renewal of the Best Beginnings scholarship. For more information about this service, please contact your local Child Care Resource & Referral agency.



Child Care Plan for a Child with Special Needs

The family, child care provider, and other professionals working with the child complete the Child Care Plan. This plan provides documentation of the child's needs, identifies additional resources which may be available, and suggests at least two individuals who could provide additional information if needed.

Additional information on serving and including children with special needs in a child care facility can be obtained from your CCR&R or from Child Care Plus+, the Center on Inclusion in Early Childhood, or visit www.ccplus.org.

Negative Licensing Action

Child care providers are required to notify parents participating in the *Best Beginnings* Scholarship Program of any negative licensing action that affects her/his registration or licensing. The loss of registration or license disqualifies the child care provider from receiving *Best Beginnings* Scholarship payment. The provider may not bill the household for payments denied by the department due to the provider's failure to comply with licensing, certification, or registration requirements.



A provider's eligibility to receive state payment under a state assisted child care program may be terminated if:

- (a) the provider willfully misrepresents services provided;
- (b) the provider refuses access to the child care setting and child records during business hours to the following personnel:
 - (i) employees or other agents of state or local government, investigating child care services or child abuse or neglect;
 - (ii) child care resource and referral agency personnel investigating child care services; or
 - (iii) health, building or fire officials investigating child care facility health and safety issues.

Tax Forms

All child care providers are required to submit a *W-9 Form*. This is an Internal Revenue Service (IRS) form that the Department of Public Health & Human Services is required to have on file before it pays for services. At the end of January of each year, DPHHS Fiscal Bureau will send each provider a *1099 Form*. It is very important that the name and tax ID or social security number agree exactly. This will provide documentation of the amount paid by the *Best Beginnings* Scholarship Program, and other DPHHS programs for the year. Taxes are not withheld from DPHHS payments.

Overpayments

The department is entitled to recover the amount of any child care payment made to a child care provider or to a parent which is in excess of the amount to which the provider or parent was entitled, regardless of whether the overpayment was caused by the department, by the provider, or by the parent.

(a) If an overpayment is due to any error, act, or omission of the parent, whether intentional or otherwise, the parent must repay the overpayment to the department.

(b) If an overpayment is due to any error, act, or omission of the provider, whether intentional or otherwise, the provider must repay the overpayment to the department.

(c) If an overpayment is due to any error, act, or omission of the department, the department may recover the overpayment from either the provider, the parent, or from both, but the total amount recovered from the provider and the parent may not exceed the amount of the overpayment.

Repayment Agreement

In the event that a child care provider is overpaid, future payments may be reduced or delayed. Child care providers will be asked by the CCR&R to sign and date a *Repayment Agreement Form* detailing the repayment plan.

Star Quality Child Care & Tiered Reimbursement

This program allows a higher rate of *Best Beginnings* scholarship payment for child care providers who have earned either a one- or two-star rating. It is a three-level program that accommodates an intermediate step in quality improvement.



Licensed or Registered Facilities consist of facilities that are in compliance with State of Montana licensing regulations.

One-star rating includes providers that meet the requirements for a two- or three-year extended license and meet quality indicators in areas of staff training, staff turnover, program development, parent involvement and personnel policy.

Two-star rating includes providers that meet the requirements for a two- or three-year extended license and are accredited by the National Association for the Education of Young Children (NAEYC), National Association for Family Child Care (NAFCC), or National School-Age Care Alliance (NSACA).

The tiered reimbursement rate for *Licensed or Registered Facilities* is set according to a biannual market rate survey in both the hourly and daily rate categories. *One Star* reimburses an additional 10%, and an additional 15% for *Two Star*.

For more information on tiered reimbursement, contact your local CCR&R or visit www.childcare.mt.gov.

Administrative Review and Fair Hearing



Under state regulations for child care assistance programs, parents and child care providers have the right to appeal payment disputes, termination, or denial of a payment. The first step in an appeal is an *administrative review* conducted by state officials.

To request an administrative review, put your request in writing within 30 days of the action in question and address it to:

DPHHS Fair Hearing Officer
PO Box 202953
Helena MT 59620-2953

The State will schedule a telephone administrative review within two weeks of your request. If the administrative review does not settle the dispute, a Fair Hearing Officer will hear the dispute.

Records Maintenance

Child care providers must maintain daily sign-in/out records, payment records, and fee collection records for a minimum of five years.

Penalties for Intentional Program Violations

When a provider or a parent receives child care assistance in excess of the amount to which the provider or parent is entitled due to a willful action of the provider or parent, the department may pursue criminal charges against the provider or parent. Criminal prosecution may be pursued in addition to recovery of the overpayment.

- A willful action includes but is not limited to the making of a false or misleading statement, a misrepresentation, or the concealment or withholding of facts or information.

If a willful action is an overclaim, the following will occur:

The first willful overclaim will result in:

- (i) an assessment of 10% of the amount actually due being added to the amount of repayment due if an overpayment has already been made to the claimant;
- (ii) if an overclaim is discovered before payment is made, deduction of 10% of the amount due from the amount paid to the claimant; and
- (iii) if the provider is responsible, the loss of web invoicing privileges for six months and the imposition of the requirement that copies of sign in/sign out sheets must be submitted with invoices for the following three months.

The second willful overclaim will result in:

- (i) an assessment of 25% of the amount actually due being either added to the amount of repayment due to the department or deducted from the amount of payment due to the claimant, depending upon whether payment to the claimant has already been made; and
- (ii) if the provider is responsible for the overclaim, the loss of web invoicing privileges permanently and imposition of the requirements that the provider must submit copies of sign in/sign out sheets with invoices for the following six months.

The third willful overclaim will result in the household or provider responsible being ineligible to participate in the child care development fund child care assistance, grant, and quality child care programs for seven years.

Absent Day Policies:

Holidays

Child care providers who are registered or licensed may charge for certain holidays when their child care businesses are closed if payment policies include the same holiday charges to private paying families. These state-approved holidays include New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Providers may only charge for the number of hours a child would be regularly attending on this day. If the holiday falls on a day that the child is not normally scheduled to be there, the provider may not bill for the holiday. Providers must provide written proof to the CCR&R (i.e., contract) that all families are charged for holidays.



Certified Enrollment (CE) Days

A registered or licensed child care provider may claim certified enrollment days, i.e. claim payment for days on which the child was absent if the child is authorized for more than 30 hours of childcare per week. This is allowed only if the provider charges private-pay families for absent days. Written proof (i.e., contract) must be provided to the CCR&R. Also, the child receiving *Best Beginnings* Scholarship funding must be in full time care (30 hours or more per week) at one facility. Certified enrollment days are limited to 150 hours per child in a state fiscal year (July 1st through June 30th). These are consumed in a similar way that hours and days are billed. When 6 to 10 CE hours are billed, 10 CE hours are consumed, consistent with the *Best Beginnings* daily rate. Providers may not bill CE days on days they are closed.

Unexplained Absences

Child care providers are required to notify the CCR&R of unexplained absences (five or more consecutive days) and asked to notify the CCR&R of irregular attendance, within three working days.

Holding a Slot During a Temporary Absence

When arranged in advance, a child care provider may request payment for holding a child care slot if the slot will be lost during a scheduled absence. The absence may not last longer than 30 days, and the child care provider must document that the slot would otherwise be given to another family. The same policy of payment for reserved slots must apply to private paying customers. Holding a slot must be pre-arranged with the CCR&R.

How can a child care provider document that a slot might be lost to another customer during times of family absence?

A: Documentation must include a *waiting list* including the names, age of children and telephone numbers of customers who are interested in using his/her services when vacancies become available.